

ZOE LOFGREN  
16th DISTRICT CALIFORNIA

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SUBCOMMITTEE ON RULES

ORIGINAL

Congress of the United States

House of Representatives

Washington, DC 20515-0516

September 19, 2003

CC: 020/030 022  
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Bryant L. VanBrakle  
Secretary  
Federal Maritime Commission  
800 North Capitol Street, NW  
Washington, DC 20573

Re: Petition P3-03

Dear Commissioners:


I write to you today to express my support for a UPS petition currently pending before the Federal Maritime Commission (FMC). It is my understanding that UPS has filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers.

I have been advised that pursuant to the Ocean Shipping Reform Act (OSRA) revisions of 1998, NVOCCs such as UPS are prohibited from entering into confidential contracts. I have also been advised that the purpose of this prohibition is to protect shippers, as NVOCCs in the late 1990s were generally small enterprises with few assets that could not guarantee liability coverage.

It is my understanding, however, that UPS operates a very large and sophisticated, integrated, intermodal transportation network throughout the world, which includes air, rail, surface and NVOCC transportation. Furthermore, I have been informed that UPS makes significant annual capital investments to its asset-based transportation infrastructure. With its large asset base and strong presence in the surface and air freight industries, it appears UPS does not exemplify the liability concerns associated with smaller NVOCCs in the late 1990s.

Based upon the information I have received, UPS appears to be an ideal candidate for an exemption from the prohibition on NVOCCs from entering into confidential contracts with their customers. I hope you will look carefully at the UPS petition and render an equitable decision based upon the merits of the UPS case.

Sincerely,

  
ZOE LOFGREN  
Member of Congress